

EXHIBIT 5

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These brands are reinventing accessible luxury. Just don't call it that

Madeleine Schulz :: 5/1/2024

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Last week, the Federal Trade Commission (FTC) [sued to block](#) the Tapestry-Capri merger on the grounds that it would squash competition in the “accessible luxury” handbag space, a term that it says Tapestry coined.

In reality, it's a limited view of a category that has exploded and morphed in recent years to fill a new need. There are more customers to serve in the accessible luxury space than ever, as traditional luxury brands continue to raise their prices.

Young professionals may have expected to graduate into the luxury class at this point, but Chanel, Hermès, Prada and Louis Vuitton have [increased prices](#) to a minimum of \$4,500 for a Prada Galleria bag (up 88 per cent from 2019's \$2,390), or \$10,200 for a Chanel classic flap, up from \$5,800 in 2019. And prices are expected to rise even higher this year.

It's a simple matter of supply and demand, VP of US apparel and specialty retail at Bernstein Aneesha Sherman says. Luxury prices are up 40 to 50 per cent since Covid, she says. “It's created a pocket in the middle zone where, if you want to spend somewhere between \$500 to \$1,000, you're priced out of these high luxury brands. But your willingness to pay is far above the \$100 to \$200 range. You're looking for something in between: the supply has grown to serve the demand.”

These would-be luxury consumers may find solace in a now-robust category of mid-range, high-quality leather goods that look and feel luxe, without the multi-thousand-dollar price tag. “As the ‘accessible luxury’ tier matures over time — and existing competitors become more mainstream and less ‘exclusive’ — there are opportunities for new players to carve out white space,” says Jennifer Lacks Kaplan, principal at Deloitte.

Think of Staud's Moon bag, available for \$295. Or Aesther Ekme's Demi Lune style, which sits at \$560. Both bags came out in 2019. Even Neous's \$995 2021-launched Phoenix bag falls well below today's LVMH and Kering offerings. On the ready-to-wear side, brands like [The Frankie Shop](#) and Toteme offer fashionable looks that won't set you back like [Khaite](#) or [The Row](#).

This shift towards a middle-range luxury bubble has been underway for the past decade, as founders who identified this “white space” build brands to cater to consumers left in the dust by luxury’s increasingly unattainable price hikes. But to date, accessible luxury has been hard to define — especially as some brands would rather distance themselves from the label entirely.

What is accessible luxury?

Accessible luxury, affordable luxury, aspirational luxury: it’s a matter of semantics, says Sherman. The FTC used all three in its suit.

Sherman defines the term(s) as “somewhere between mainstream and what you would call ‘true luxury’,” placing prices in the \$200 to \$800 range, with some wiggle room at the top.

To consumers, though, what the industry calls ‘accessible luxury’ is a non-starter, Sherman flags. It’s just luxury. “Consumers look at it in a much more fluid way,” she says. It’s a broad range: the \$200 range versus the \$800 range have completely different competitive sets.

Brands also aren’t keen on the current terminology. “We tend to find some of the existing category terminology limiting or not reflective of the reality of the place we hold, which is a unique one,” says Vanissa Antonious, founder of footwear and handbags brand Neous. “Neous offers a design blend that encompasses uncompromising, thoughtful quality with expert craftsmanship through a timeless-luxury lens.”

Through Aesther Ekme, founder Stephane Park aims to offer consumers luxury quality that’s practical, not just aspirational. “I wanted to offer accessible luxury craftsmanship focused on design that is sensitive to the customer’s needs, rather than a pure aspirational object,” she says. Strathberry co-founder Leeanne Hundleby opts for “contemporary luxury”.

Wandler founder Elza Wandler offers an alternative descriptor: “entree luxury”. It’s high-quality products at a price that reflects the value of craftsmanship and design, while remaining competitive within a luxury accessories market. It’s what she calls “a relatively more attainable price point”. Neous hits a “sweet spot” in the luxury market, founder Antonious says. “I saw the need for those who really understand and appreciate beautiful design, but are limited in accessing specific elevated price points.”

The new (accessible) luxury

The new middle offers a fresh take on accessible luxury. The category has changed drastically since it emerged in the ‘90s with the advent of highly logo-driven products that made brands instantly recognisable, Deloitte’s Lacks Kaplan says.

This was the impetus for Aesther Ekme, Park adds. “Back in 2016 when I launched the brand, there was a peak of the logo-mania trend by big luxury brands.” She wanted to offer something practical. “The intention was to democratise access to the best raw materials from Italy and craftsmanship from Spain (Ubrique), with attention to detail, finish and durability.”

As fashion has shifted away from logo-mania, consumers have retreated away from emblems towards sleeker, more neutral styles. Prominent logos drive intent to purchase down 19 per cent, [according to](#) recent research. Now, consumers want design, craftsmanship and quality materials, at price points that are accessible, Lacks Kaplan says.

Neous's Antonious credits the brand's success, in part, to this shift. "There is currently a more prominent focus on less-overt dressing and style, which is a key brand aesthetic for Neous. Not seasonal, regardless of trends," she says. "We concentrate on developing recognisable signatures through design, feeling and aesthetic as opposed to being logo driven."

Competition in this space can be a challenge. Fashion has a relatively low barrier to entry, analysts flag. And at present time, many brands are selling bags in the mid-to-high hundreds. Brands can reach a level of awareness via social media, which is particularly beneficial when margins are high and selling direct-to-consumers is typically the way in.

That said, rising prices impact the up-and-comers too, says Antonious. "It is becoming more and more costly to run a fashion business, so greater margins are needed just to maintain operations," she says, noting the lengths Neous has to go to for sourcing and creating with artisans within the confines of the brand's price point. Though DTC offers a way in, both Aesther Ekme and Wandler flag the importance of wholesale for growth, thanks to restrictive customer acquisition costs online.

Those that focus on product can win. It's what has enabled Aesther Ekme to maintain relevance, Park says. The brand grew more slowly, but also more sustainably, than its competitors that relied on a short-lived 'It-bag'. "We always put the customer first, and keeping that integrity in the design and price offer has allowed the brand to keep steady growth over the years."

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